

Residential Financing Options For Renewable Energy Systems

CALIFORNIA ENERGY COMMISSION

Renewable Energy Program
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For information on renewable energy options and incentives in California

Energy Commission Website
www.consumerenergycenter.org

Energy Commission Call Center
1-800-555-7794



Energy Solutions On Site

Are you interested in reducing your energy costs by using renewable energy, but do not have the capital to afford the equipment? This fact sheet highlights the various loan programs currently available.

Loan Program Basics

Loan products can be divided into two categories — secured and unsecured. As a general rule, unsecured loans have shorter terms (1-3 years) and relatively high interest rates. It should be noted, however, that the unsecured Fannie Mae Energy Loan is available with a 10-year term. Unsecured loans are also known as signature loans, lines of credit, and credit cards. Secured loans have longer terms (up to 30 years) and relatively lower interest rates, with the rate and term dependent upon the strength of the collateral. Also, for many home-secured loans, the mortgage interest can be deducted from income taxes. Residential real estate secured loans are by far the most common form of credit available for home improvement.

In addition, subsidized or guaranty loans, which are secured loans, for certain eligible consumers offer special terms or rates from a variety of specialty lenders. Generally these loans are offered by conventional lenders with a 'guaranty' by a state or federal agency to secure the loan. Eligible consumers include low-income, minority, and veterans.

Residential Resources

Look on the reverse side for a list of lenders that offer attractive financing solutions. This fact sheet details a variety of financial loan products targeted directly at investments in renewable energy. To find out more about specific financing options, log onto the web addresses detailed for the particular lender you are interested in, or use the contact telephone numbers. Please visit the Energy Commission's website or call the Energy Call Center (see left) for information on renewable energy options and incentives in California.

LOAN EXAMPLES (\$11,000)			
Term and Rate	5 years @ 5%	15 years @ 6.5%	30 years @ 7%
Monthly Payment	-\$208	-\$96	-\$73
Energy Savings	\$54	\$54	\$54
Interest Savings	\$0	\$12	\$15
Tax Credit Savings	\$27	\$9	\$4
Net Monthly Payment	-\$127	-\$21	\$0

A married couple in Concord with an annual electricity bill of \$1,200 is considering the purchase of a 2 kW (AC) photovoltaic (PV) system with an installed cost of \$20,000. After receiving the Energy Commission "rebate" of \$9,000 the net cost of the system would be \$11,000. Savings in year one from PV electricity production is projected to be \$650. The California Solar Energy Tax Credit of 15% for the system would be \$1,650. If they finance the \$11,000 net cost of the system with a 30 year mortgage loan at 7% interest it would result in an annual payment of \$878. This couple could also save \$5,180 in mortgage interest deductions over the 30 year life of the loan. If tax credit savings were applied to monthly payments, the combined savings would cover all of the loan payments. On a cash basis, the simple payback term for this system would be 14.4 years. If electricity rates continue to rise the payback time would be shorter. If you would like to evaluate the savings for your situation, use the Clean Power Estimator found at the Energy Commission website (see left).

Assumptions: Annual electricity production from the PV system in Concord is estimated to be 3,653 kWh. The annual electricity used was 8,532 kWh. The current utility rates for this example range from about \$.13 to \$.24 per kWh. Tax savings were estimated assuming the couple makes \$60,000 per year and is in a 28% federal and 8% state tax bracket.

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Unsecured Loans

Loan Program	Contact	Loan Amount	Term	Interest Rate
FNMA Energy Loan	Electric Gas Industries Association (EGIA) www.egia.com tel: 866.367.3442	\$1,000 to \$20,000	1 to 10 years	10 to 13.5%
FNMA Energy Loan	Volt Viewtech www.voltviewtech.com tel: 714.632.8839	\$1,000 to \$20,000	1 to 10 years	10 to 13.5%
FNMA Energy Loan	Golden Shores Financial www.qsfonline.com tel: 888-225-3840	\$1,000 to \$20,000	Up to 10 years	9.75 to 13.5%

Real Estate Secured Loans

Conventional Mortgage	Freddie Mac, Fannie Mae www.freddiemac.com tel: 703.903.2000	\$252,700 max	10, 15, 20, 30 years	Fixed & Variable / Market
Conventional Mortgage	Cooperative Finance Corp www.nrucfc.org tel: 800.424.2954	\$252,700 max	10, 15, 20, 30 years	Fixed & Variable / Market
Home Equity or Mortgage Loans	Valley Financial www.solarhomefinancing.com tel: 800.216.0086	\$40,000	30 years	Fixed / Market
Homestyle Remodeler Second Mortgage	Fannie Mae www.fanniemae.com tel: 202.752.3821	\$50,000 max	5, 10, 15, 20 years	1% to 2% higher than First Mortgage

Guaranty Loans

Energy Efficient Mortgage	U.S. Dept of Housing and Urban Development (HUD) www.hud.gov tel: 888.466.3487	HUD Area Limit	15 and 30 years	Fixed or Variable
Mortgage Loan Guarantee	Department of Veteran Affairs www.va.gov www.homeloans.va.gov tel: 888.869.0194	\$203,000 Max	30 years	7.5% to 8.25%
Multifamily Housing Loan	Rural Community Assistance Corp www.rcac.org/locat.htm tel: 916.447.2854	Varies	up to 25 years	5.5% to 7.5%
Single family Housing Loan	Rural Community Assistance Corp (as above)	Varies	up to 25 years	5.5% to 7.5%
Residential Housing Loan	Community Bankers of Northern and Southern California www.cboca.org tel: 310.375.6302	HUD Area limits	15 and 30 years	Fixed or Variable
Residential Housing Loan	North American Mortgage Co. www.namc.com tel: 800.631.6868	CHFAFA area limit	15 and 30 years	Fixed or Variable
Residential Housing Loan	USDA Rural Housing Service (HUD) (as above)	\$100,000 to \$2,000,000	30 years	Fixed & Variable
Title I Property Improvement Mortgage Insurance	U.S. Department of Housing and Urban Development (HUD) (as above)	\$25,000	20 years	Fixed or Variable

Subsidized Loans

Cal Rural	CA Rural Home Mortgage Finance Authority www.calrural.org tel: 916.444.2615	Income limits	30 years	6.5%
Energy Efficient	Countrywide Home Loans, Inc. www.countrywide.com tel: 818.225.3000	15% value	15 to 30 years	Fixed or Variable
Energy Efficient	Energy Efficient Mortgage Facilitation Company www.eemsinc.com tel: 800.858.0802	15% value	15 to 30 years	Fixed or Variable
Energy Efficient	Fannie Mae (as above)	15% value	15 to 30 years	Fixed or Variable
Energy Efficient	GMAC Mortgage Corporation www.gmacmortgage.com tel: 800.205.4622	15% value	15 to 30 years	Fixed or Variable
Energy Star Homes Program	U.S. Environmental Protection Agency www.epa.gov tel: 415.947.4105	Energy Star Partner Specific	Varies	Varies
Energy Efficiency Loan Program	Sacramento Municipal Utility District www.smud.org/pv/index.html tel: 916.732.6198	No limit	10 years max	9 to 11%
PV Pioneer I	Sacramento Municipal Utility District www.smud.org tel: 916.732.6679	\$4/mo premium	10 years	Purchase Option
Rural Housing Service	USDA Rural Housing Service (as above)	\$100,000 to \$2,000,000	30 years	Fixed & Variable

The California Energy Commission does not endorse any one lending organization. Eligibility varies for each financing option. Availability of financing options may vary. Contact individual provider for more information.